

## Appendix 2: Financial Performance

The tables below set out the current financial performance of scheme and the performance prior to the current change in residential tenure and funding for the Adult Learning Centre and Nursery. An explanation of NPV and IRR follows the tables.

### Current Scheme Funding and Performance

Capital Cost & Funding	London Affordable Rent (Capped)	London Affordable Rent (Discounted)	Shared Ownership	London Living Rent / Rent to Buy	Adult Learning Centre and Nursery	Total
Works	£12,264	£4,183	£23,733	£8,365	£6,318	<b>£54,862</b>
On-Costs (Excl Interest)	£3,593	£1,147	£6,579	£2,892	£284	<b>£14,495</b>
Capitalised Interest	£490	£205	£1,564	£708	£297	<b>£3,265</b>
<b>Total Development Cost</b>	<b>£16,347</b>	<b>£5,534</b>	<b>£31,876</b>	<b>£11,966</b>	<b>£6,900</b>	<b>£72,622</b>
GLA Affordable Housing Grant			£1,708	£784		<b>£2,492</b>
RTB 141 Funding	£4,757	£1,599				<b>£6,356</b>
Sales Receipts			£9,568			<b>£9,568</b>
Net Debt Finance Required	£11,590	£3,935	£20,601	£11,182	£6,900	<b>£54,207</b>
<b>Total Capital Funding</b>	<b>£16,347</b>	<b>£5,534</b>	<b>£31,876</b>	<b>£11,966</b>	<b>£6,900</b>	<b>£72,622</b>

<b>NPV<sup>1</sup> (£)</b>	<b>-£5,359</b>	<b>-£1,747</b>	<b>£4,737</b>	<b>£1,126</b>	<b>-£6,900</b>	<b>-£8,142</b>
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<b>IRR (%)</b>	<b>2.0%</b>	<b>2.1%</b>	<b>7.7%</b>	<b>5.6%</b>
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## Scheme Funding and Performance as at 20 April 2020 Leaders Decision Report

Capital Cost & Funding	London Affordable Rent (Capped)	London Affordable Rent (Discounted)	London Living Rent / Rent to Buy	Private Rent	Adult Learning Centre and Nursery	Total
Works	£12,980	£3,152	£10,329	£22,089	£2,000	<b>£50,550</b>
On-Costs (Excl Interest)	£3,412	£776	£2,993	£6,274		<b>£13,455</b>
Capitalised Interest	£712	£70	£762	£1,654	£306	<b>£3,504</b>
<b>Total Development Cost</b>	<b>£17,104</b>	<b>£3,997</b>	<b>£14,084</b>	<b>£30,018</b>	<b>£2,306</b>	<b>£67,508</b>
GLA Affordable Housing Grant	£3,300		£868			<b>£4,168</b>
RTB 141 Funding		£1,178				<b>£1,178</b>
Sales Receipts						
Net Debt Finance Required	£13,804	£2,819	£13,216	£30,018	£2,306	<b>£62,162</b>
<b>Total Capital Funding</b>	<b>£17,104</b>	<b>£3,997</b>	<b>£14,084</b>	<b>£30,018</b>	<b>£2,306</b>	<b>£67,508</b>

<b>NPV (£)</b>	<b>-£6,847</b>	<b>-£1,097</b>	<b>£354</b>	<b>£1,423</b>	<b>-£2,306</b>	<b>-£8,473</b>
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<b>IRR (%)</b>	<b>2.0%</b>	<b>2.7%</b>	<b>5.2%</b>	<b>5.4%</b>
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**Net present value (NPV)** is the difference between the **present value** of cash inflows and the **present value** of cash outflows over a period of time. **NPV** is used in capital budgeting and investment planning to analyse the profitability of a projected investment or project.

**IRR (Internal Rate of Return):** The IRR is a measure of a projects future rate of return. The term internal refers to the fact that the calculation excludes external factors, such as the risk-free rate, inflation, the cost of capital, or various financial risks. The council requires an IRR greater than 5% for a positive return.